

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1928 - HB 1419

March 30, 2009

SUMMARY OF BILL: Expands the meaning of workbook, as it relates to the Retailers' Sales Tax Act, to include printed materials reproduced by teachers through photocopying, printing, or other means.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$17,500

Decrease Local Revenue - \$6,300

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-6-329 (a)(3), workbooks are exempt from state and local sales and use tax under current law.
- Based on information provided by the Department of Revenue (DOR), it is assumed that textbooks reproduced by teachers are not exempt from state and local sales and use tax under current law. As a result, it is further assumed that state and local governments are currently receiving sales and use tax revenue derived from reproduced workbooks.
- The Department of Revenue (DOR) projects annual sales for workbooks in Tennessee to be \$2,500,000 per year.
- Ten percent of such workbooks will be reproduced by teachers.
- The current state sales tax rate is seven percent.
- The decrease to state revenue is estimated to be \$17,500 per year ($\$2,500,000 \times 10\% \times 7\% = \$17,500$).
- The average local option sales tax rate is estimated to be 2.5 percent.
- The decrease to local government revenue is estimated to be \$6,300 per year ($\$2,500,000 \times 10\% \times 2.5\% = \$6,250$).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/rnc